

RR/lq *

Decision No. 92308

OCT 8 1980

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of DESCANSO PARK WATER CO., INC. a California corporation, for authority to execute a loan contract with the United States Small Business Administration in the amount of \$42,500.

Application No. 59859
(Filed August 5, 1980)

✓

O P I N I O N

Descanso Park Water Co., Inc. (Descanso) requests authority, pursuant to Section 818 of the Public Utilities Code to execute and enter into a loan contract with the United States Small Business Administration in the amount of \$42,500. Notice of the filing of the application appeared on the Commission's Daily Calendar of August 8, 1980. No protests have been received.

The purpose of the loan is to rehabilitate or replace property of Descanso damaged or destroyed by a disaster as a result of rain and flooding which occurred during the month of February, 1980. ✓
The estimated costs to repair the damages are as follows:

<u>Item</u>	<u>Amount</u>
Labor	\$ 640
Equipment Usage, Pipeline and Other Materials	<u>43,965</u>
Total	<u><u>\$44,605</u></u>

Descanso is a California corporation owning and operating a public utility water system with 274 metered and 70 unmetered active connections serving customers in Descanso, an unincorporated community located approximately forty-one miles east of San Diego, in San Diego County, California.

For the year ended December 31, 1979, the utility reported operating revenues of \$48,308 and net income of \$189. The utility's balance sheet as of that date is summarized as follows:

<u>Assets and Other Debits</u>	<u>Amount</u>
Utility Plant Less Accumulated Depreciation	\$106,145
Current and Accrued Assets	<u>12,647</u>
Total	<u>\$118,792</u>
<u>Liabilities and Other Credits</u>	
Common Equity	\$ 67,510
Long-Term Debt	8,600
Advances for Construction	6,533
Current and Accrued Liabilities	<u>36,149</u>
Total	<u>\$118,792</u>

The proposed \$42,500 loan obligation is to be repaid in equal monthly installments of \$230, over a period of thirty years, including interest at five percent per annum on the unpaid balance. Copies of the loan contract, along with a copy of the application filed with the Small Business Administration are attached as Exhibit C to the application.

The Revenue Requirements Division and the Utilities Division have reviewed the application and have concluded that the funds are needed for the purposes set forth in the application. The Divisions, however, reserve the right to reconsider the reasonableness of any construction expenditures in future rate proceedings.

Findings of Fact

1. Descanso is a California corporation and a water utility subject to the jurisdiction of this Commission.
2. The execution and entry into the loan contract for \$42,500 with the Small Business Administration would be for proper purposes.
3. Descanso has need for external funds for the purposes set forth in the application.

4. The money, property or labor to be procured or paid for by the long-term loan contract herein authorized is reasonably required for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

5. There is no known opposition and no reason to delay granting the authority requested.

Conclusions of Law

1. A public hearing is not necessary.

2. The application should be granted to the extent set forth in the order which follows.

The action taken herein is for the purposes of this proceeding only, and is not to be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. Descanso Park Water Co., Inc., on or after the effective date hereof and on or before March 31, 1981, may enter into an agreement with the United States Small Business Administration and pursuant to such agreement execute a loan contract and issue a note in the principal amount of not exceeding \$42,500, for the purposes set forth in the application.

2. Within thirty days after execution of the loan agreement and issuance of the note, Descanso Park Water Co., Inc., shall file one copy of the loan agreement and the note with the Commission.

3. Descanso Park Water Co., Inc., shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order insofar as applicable, is hereby made a part of this order.

A.59859 RR/lq

4. The authority granted by this order shall become effective upon the date Descanso Park Water Co., Inc., pays the fee prescribed by Section 1904 (b) of the Public Utilities Code, which fee is \$86.

Dated OCT 8 1980, at San Francisco, California.

John E. Snyser President
William L. Sturgeon
Michael D. Kowalski
Donald H. Smith Commissioners

Commissioner Claire T. Dedrick, being necessarily absent, did not participate in the disposition of this proceeding.

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
101961
OCT 15 1980
By *[Signature]*